

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 99-0295

**Sales and Use Tax
Calendar Years 1996 AND 1997**

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ISSUE(S)

I. Gross Retail Tax – Uncollected Sales Tax

Authority: IC 6-2.5-2-1

Taxpayer protests the inclusion of sales tax not collected.

II. Use Tax – Fixed Assets purchases

Authority: IC 6-2.5-3-1

Taxpayer protests use tax on vehicles.

STATEMENT OF FACTS

Taxpayer failed to show for a hearing scheduled for Monday, April 24, 2000. The determination is made based upon information contained in the audit file and taxpayer's protest letter dated May 10, 1999.

Taxpayer is a sole proprietor that manufactures and sells gun and other types of safes. Sales are primarily made to five or six wholesalers and trade shows. Taxpayer makes service calls to move safes, fix combinations, etc. The taxpayer had no use tax accrual system in place and its records were incomplete.

Taxpayer was audited for calendar years 1996 and 1997 where it was determined that the taxpayer had not paid use tax on taxable purchases and had no use tax accrual system in place. Taxpayer also failed to provide exemption certificates for several sales.

I. Gross Retail Tax – Uncollected Sales Tax

DISCUSSION

Taxpayer's letter states it fully disagrees with the audit assessment that pertains to uncollected sales tax because it has provided the auditor with the appropriate ST-105 forms that indicate the goods were purchased for resale. Taxpayer, however, did not provide exemption certificates to allow a credit to the sales tax assessed in the audit.

FINDING

Taxpayer's protest is denied.

II. Use Tax – Fixed Assets Purchases

DISCUSSION

Taxpayer's letter states the auditor assessed sales tax on vehicles purchased from an automotive dealership and the fact they are licensed through an Indiana License Branch should be indication enough that sales tax has been paid. Taxpayer included two invoices with its protest for two vehicles that show sales tax charged. The hearing officer reviewed the working papers in the audit file and found that the two vehicles specified are not included in taxpayers Fixed Assets subject to tax. The auditor included a van for \$1,450 in 1996 and paying at \$2500, Asset E97002 without description at \$1260, Fax Machine at \$294 and a van at \$12,325 for 1997. None of the figures related to the two invoices submitted by the taxpayer. The 1995 Chevy Van at \$11600 and the 1990 GMC Van do not seem to be on the fixed assets schedule.

Taxpayer has not provided proof that tax was paid upon purchase of its fixed assets.

FINDING

Taxpayer's protest is denied.

CONCLUSION

Taxpayer's protest is denied for issues I and II.